

September Quarter 2021 Results



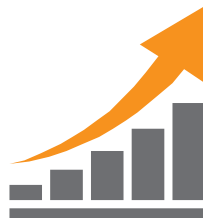
Disclaimer

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), Commerce adjusted EBITA before key strategic investments, non-GAAP net income, non-GAAP diluted earnings per share/ADS and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Adjusted/Non-GAAP Measures Reconciliation.

This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “aim,” “estimate,” “intend,” “seek,” “plan,” “believe,” “potential,” “continue,” “ongoing,” “target,” “guidance,” “is/are likely to” and similar statements. In addition, statements that are not historical facts, including statements about Alibaba’s strategies and business plans, Alibaba’s beliefs, expectations and guidance regarding the growth of its business and its revenue, the business outlook and quotations from management in this presentation, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in announcements made on the website of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Alibaba’s ability to maintain the trusted status of its ecosystem; risks associated with sustained investments in Alibaba’s business, strategic acquisitions and investments; Alibaba’s ability to maintain or grow its revenue or business; Alibaba’s ability to continue to compete effectively and maintain and improve the network effects of its ecosystem; company culture; Alibaba’s ability to continue to innovate; risks and challenges associated with operating a complex and large-scale company; risks associated with our acquisitions, investments and alliances; risks associated with expanding our international and cross-border businesses and operations; uncertainties arising from competition among countries and geopolitical tensions, including protectionist or national security policies; changes in laws, regulations and regulatory environment that affect Alibaba’s business operations (including in the areas of anti-monopoly and unfair competition); risks associated with the performance and regulatory environment of our business partners, including but not limited to Ant Group; privacy and data protection regulations and concerns; security breaches; fluctuations in general economic and business conditions in China and globally; impacts of the COVID-19 pandemic and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC and announcements on the website of the Hong Kong Stock Exchange. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

September Quarter 2021 Financial Highlights

Revenue



Total Revenue

29% YoY
(Exclude Sun Art **16% YoY**)

China Commerce⁽¹⁾

30% YoY
(Exclude Sun Art **14% YoY**)

International Commerce

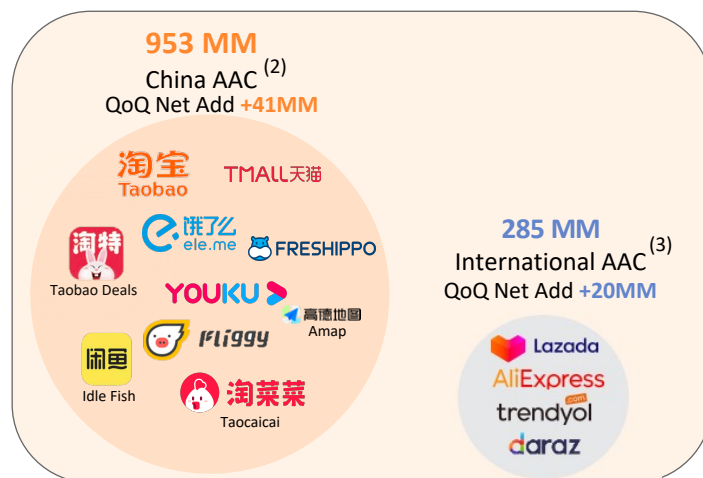
34% YoY

Cloud Computing

33% YoY

Annual Active Consumers (AAC)

1.24Bn Global AAC
QoQ Net Add +62MM



Profitability



Adjusted EBITA

RMB28.0Bn

↓ **RMB13.2Bn YoY ⁽⁴⁾**
↓ **32% YoY ⁽⁴⁾**

Key Strategic Investments within Commerce⁽⁵⁾

RMB19.0Bn

↑ **RMB12.6Bn YoY**

Notes: Unless otherwise indicated, all figures above are for the three months ended September 30, 2021. All discrepancies between total amounts and sums are due to rounding.

(1) China Commerce includes China commerce retail, China commerce wholesale, Cainiao logistics services, Local Consumer Services, and other commerce revenue.

(2) This included annual active consumers on our China retail marketplaces, and additional unique annual active consumers primarily from Local Consumer Services, digital media and entertainment platforms and Freshippo, for the twelve months ended September 30, 2021.

(3) This mainly included annual active consumers of Lazada, AliExpress and Trendyol for the twelve months ended September 30, 2021.

(4) The year-over-year decrease was primarily due to our increased investments in key strategic areas that have exhibited robust growth in operations, as well as our support to merchants.

(5) Key strategic investments within commerce primarily include combined losses of Community Marketplaces and other New Retail businesses, Local Consumer Services, Taobao Deals, Lazada and Cainiao Network.

Revenue Breakdown by Segment

Total Revenue Breakdown	Three months ended September 30,			Six months ended September 30,		
	2021			2021		
	RMB MM	% of Total	% YoY	RMB MM	% of Total	% YoY
China commerce retail	126,827	63%	33%	262,633	65%	33%
- Customer management	71,695	36%	3%	152,697	38%	9%
- Others ⁽¹⁾	55,132	27%	111%	109,936	27%	95%
China commerce wholesale	4,174	2%	15%	8,098	2%	14%
International commerce retail	10,375	5%	33%	21,175	5%	43%
International commerce wholesale	4,717	2%	34%	9,119	2%	36%
Cainiao logistic services	9,846	5%	20%	21,447	5%	35%
Local Consumer Services	9,513	5%	8%	18,270	4%	15%
Others	5,718	3%	66%	10,669	3%	54%
Total Commerce	171,170	85%	31%	351,411	86%	33%
Cloud computing ⁽²⁾	20,007	10%	33%	36,058	9%	31%
Digital media and entertainment	8,081	4%	0%	16,154	4%	7%
Innovation initiatives and others ⁽²⁾	1,432	1%	37%	2,807	1%	37%
Total Revenue⁽³⁾	200,690	100%	29%	406,430	100%	32%

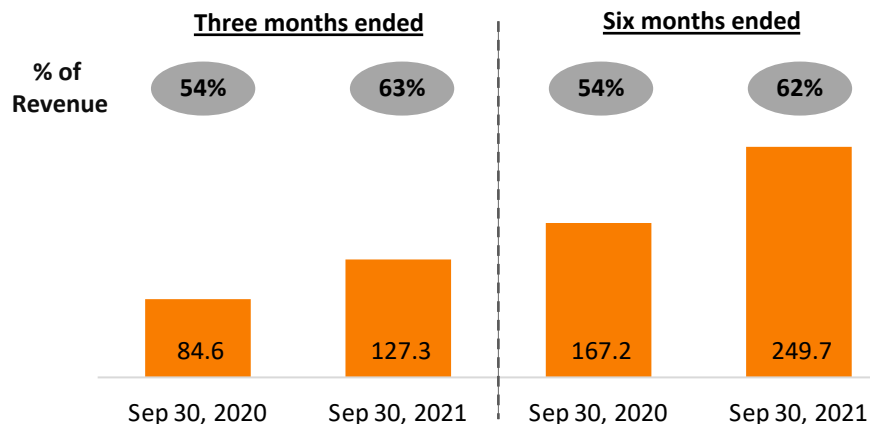
Notes:

- (1) "Others" revenue under China commerce retail is primarily generated by our direct sales businesses, comprising mainly Sun Art, Tmall Supermarket, Freshippo and direct import, where revenue and the cost of inventory are recorded on a gross basis. We started consolidating Sun Art in October 2020.
- (2) Beginning on April 1, 2021, we reclassified the results of our DingTalk business, which was previously reported under the innovation initiatives and others segment, to the cloud computing segment. Comparative figures were reclassified to conform to this presentation. Because DingTalk remains in the investment phase, the reclassification of DingTalk's financials resulted in a lowering of cloud computing profitability and did not materially add to revenue.
- (3) Excluding the consolidation of Sun Art, our revenue would have grown 16% year-over-year to RMB180,438 million (US\$28,004 million). All translations of RMB into US\$ were made at RMB6.4434 to US\$1.00, the exchange rate on September 30, 2021 as set forth in the H.10 statistical release of the Federal Reserve Board.

Cost Trends

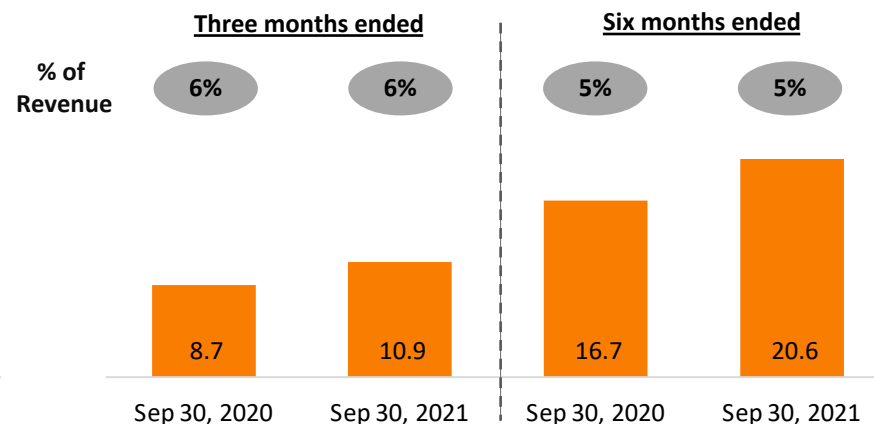
Cost of Revenue (excluding SBC)

(RMB Bn)



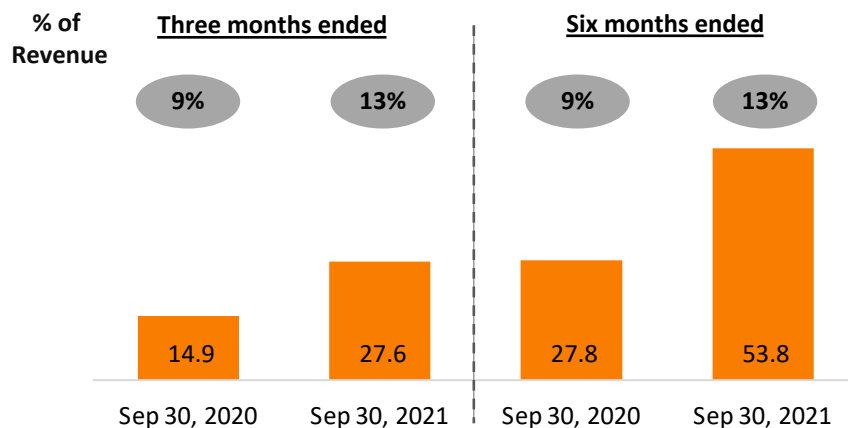
Product Development Expenses (excluding SBC)

(RMB Bn)



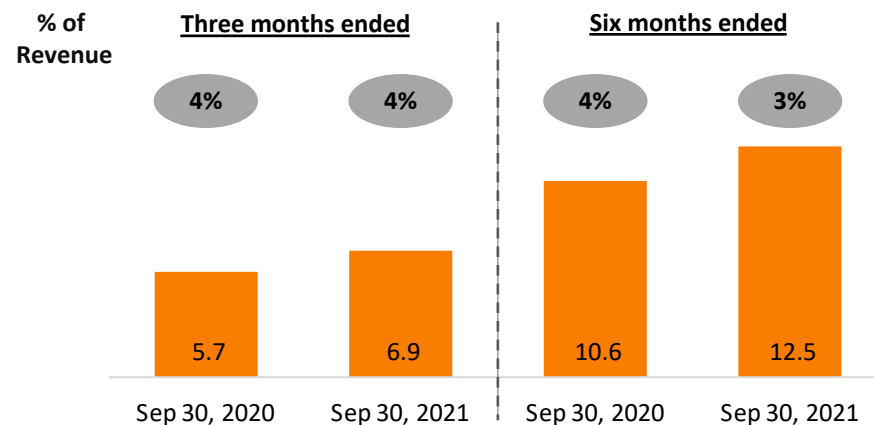
Sales & Marketing Expenses (excluding SBC)

(RMB Bn)



General & Administrative Expenses (excluding SBC)

(RMB Bn)



Investment in Key Strategic Areas

- **Commerce adjusted EBITA before key strategic investments** was flat compared to same quarter of 2020, primarily reflecting our support to merchants as well as increased spending on user acquisition and engagement on our marketplaces.
- **Adjusted EBITA** was RMB28,033 million (US\$4,351 million) in the quarter ended September 30, 2021, a decline of RMB13,183 million year-over-year. The decline primarily reflected RMB12,575 million incremental increase in the combined losses of key strategic areas within Commerce as well as increased spending to support merchants. The businesses under our investments in key strategic areas include Taobao Deals, Local Consumer Services, Community Marketplaces and Lazada, all of which have exhibited robust growth to penetrate into new addressable markets.

Where We Invested

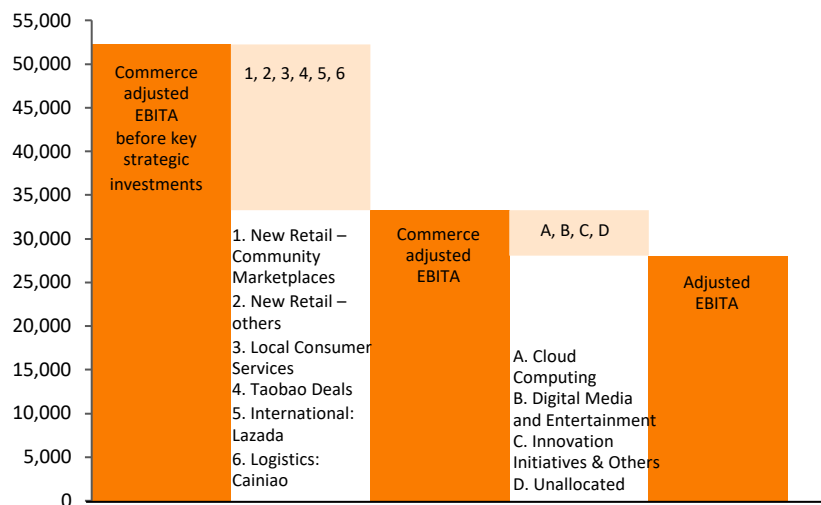
(RMB MM)

For three months ended September 30, 2020:

52,354	(6,396)	45,958	(4,742)	41,216
+13% YoY	Combined loss	+19% YoY	Combined loss	+28% YoY

For three months ended September 30, 2021:

52,241	(18,971)	33,270	(5,237)	28,033
- YoY	Combined loss	-28% YoY	Combined loss	-32% YoY

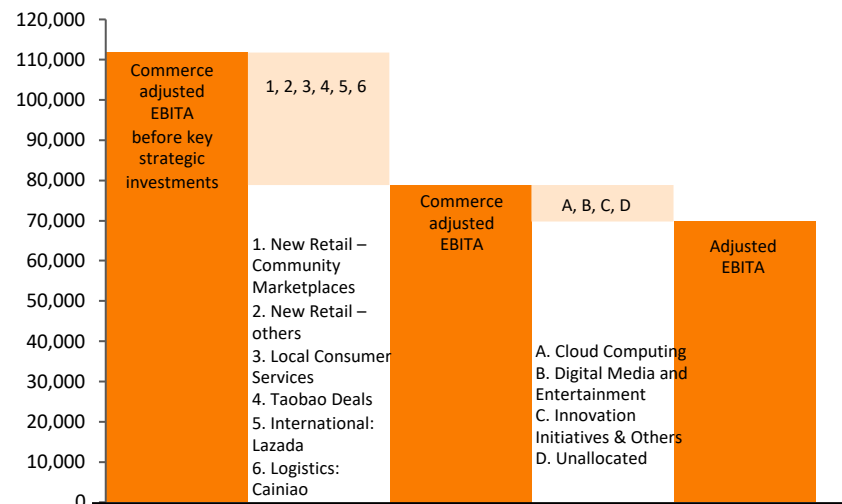


For six months ended September 30, 2020:

108,765	(11,570)	97,195	(10,607)	86,588
+16% YoY	Combined loss	+22% YoY	Combined loss	+30% YoY

For six months ended September 30, 2021:

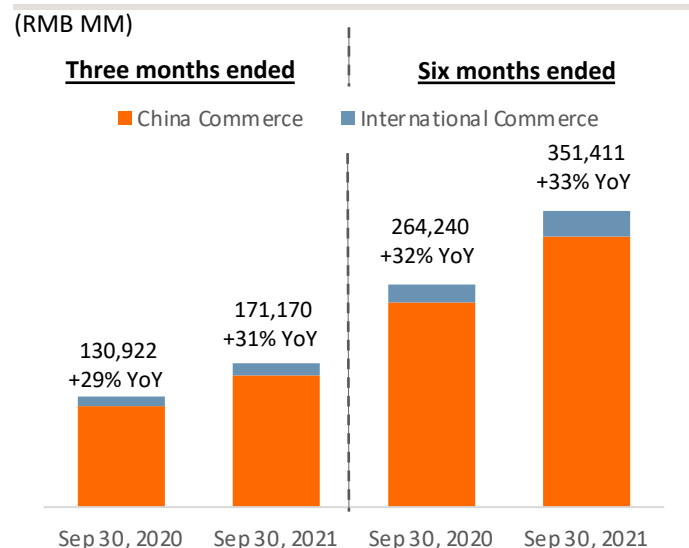
111,756	(32,895)	78,861	(9,097)	69,764
+3% YoY	Combined loss	-19% YoY	Combined loss	-19% YoY



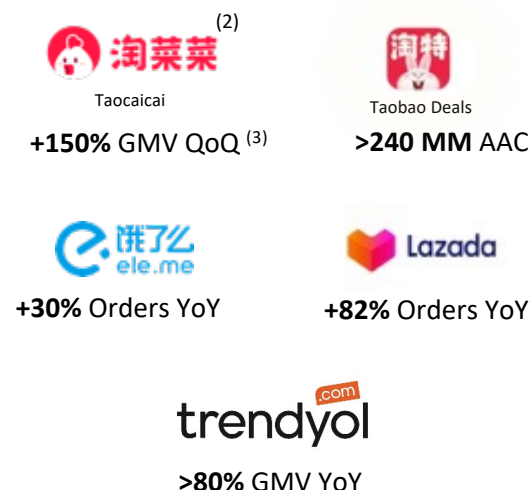
Segment Reporting: Commerce

- **Revenue** from our commerce segment in the quarter ended September 30, 2021 was RMB171,170 million (US\$26,565 million), an increase of 31% compared to the same quarter of 2020.
- **Revenue of China Commerce** ⁽¹⁾ businesses exhibited healthy year-over-year growth of 14% excluding consolidation of Sun Art in the quarter ended September 30, 2021. Within China Commerce, customer management revenue grew 3% year-over-year, primarily due to single-digit physical goods GMV growth that resulted from slowing market conditions and more players in the China e-commerce market.
- **Revenue of international commerce** businesses continued to exhibit robust year-over-year growth of 34% in the quarter ended September 30, 2021, showing continued strength of both international wholesale and international retail businesses such as Alibaba.com, Lazada, AliExpress and Trendyol.
- **Commerce adjusted EBITA** decreased by RMB12,688 million year-over-year to RMB33,270 million (US\$5,163 million) in the quarter ended September 30, 2021. This reflected increased investments in key strategic areas within Commerce that had a combined losses of RMB18,971 million, increased by RMB12,575 million year-over-year.

Revenue



Business Progress of Key Strategic Areas (September Quarter 2021)



Notes: Please see slide in 'Investment in Key Strategic Areas' for discussion on Commerce adjusted EBITA and Commerce adjusted EBITA before key strategic investments.

(1) China Commerce includes China commerce retail, China commerce wholesale, Cainiao logistics services, Local Consumer Services, and other commerce revenue.

(2) Taocaicai is the business combining Taobao Grocery & Freshippo Market.

(3) Growth rate of gross merchandise value (GMV) of our regional distribution centers (RDC) in the quarter ended September 30, 2021, compared to the quarter ended June 30, 2021.

- **Revenue** from our cloud computing business in the quarter ended September 30, 2021 was RMB20,007 million (US\$3,105 million), an increase of 33% compared to RMB15,029 million in the same quarter of 2020, primarily driven by strong growth in revenue from customers in the Internet, financial services and retail industries.
- Segment **Adjusted EBITA** was a profit of RMB396 million (US\$61 million) in the quarter ended September 30, 2021, compared to a loss of RMB567 million in the same quarter of 2020, primarily attributable to the realization of economies of scale.

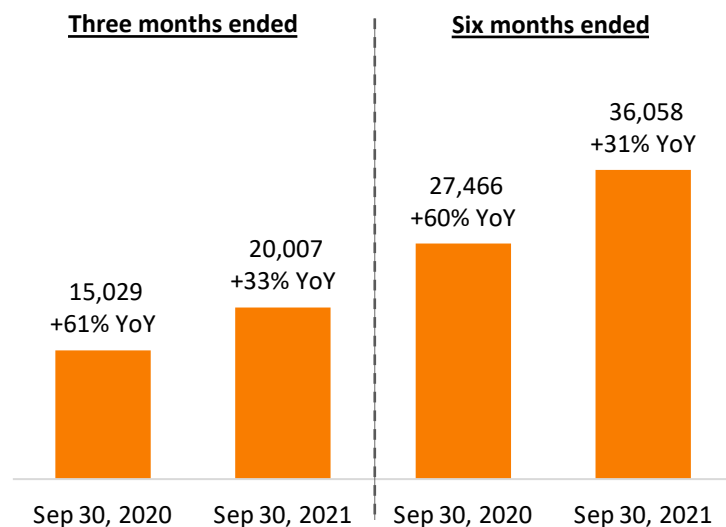
Alibaba Cloud

Recent Progress:

- **Yitian 710 Chip:** Our new in-house processor, Yitian 710, delivers exceptional computing performance and energy efficiency, which will be deployed in our own data centers.
- **Anolis OS:** We open sourced our newly launched operating system Anolis OS and plan to invest RMB2 billion in technology and services to our ecosystem.

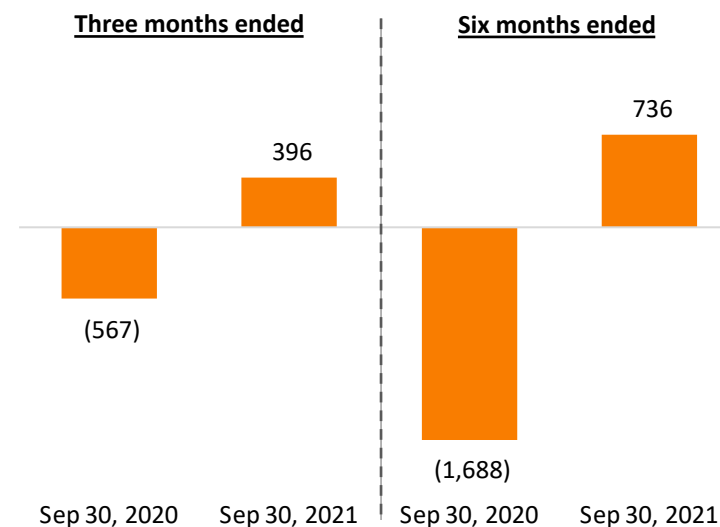
Revenue

(RMB MM)



Adjusted EBITA

(RMB MM)



Segment Reporting: Digital Media & Entertainment

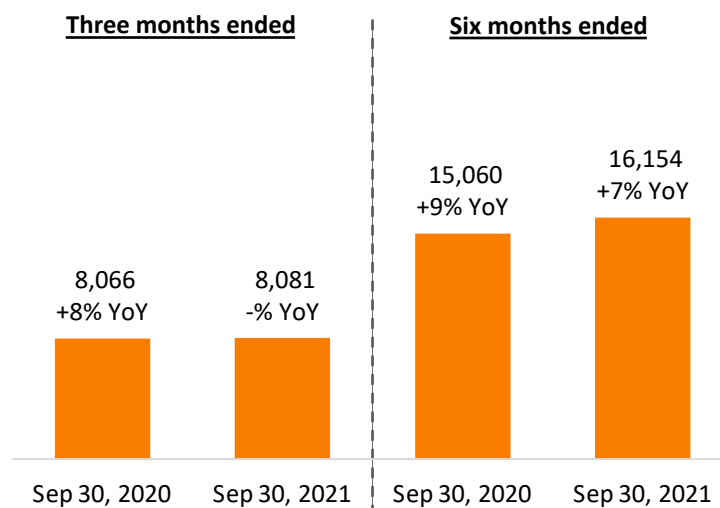
- **Revenue** from our digital media and entertainment segment in the quarter ended September 30, 2021 was RMB8,081 million (US\$1,254 million), compared to RMB8,066 million in the same quarter of 2020.
- Segment **Adjusted EBITA** in the quarter ended September 30, 2021 was a loss of RMB931 million (US\$144 million), compared to a loss of RMB710 million in the same quarter of 2020. Adjusted EBITA margin was negative 12% in the quarter ended September 30, 2021, compared to negative 9% in the quarter ended September 30, 2020.

YOUKU

+14% Subscribers YoY⁽¹⁾

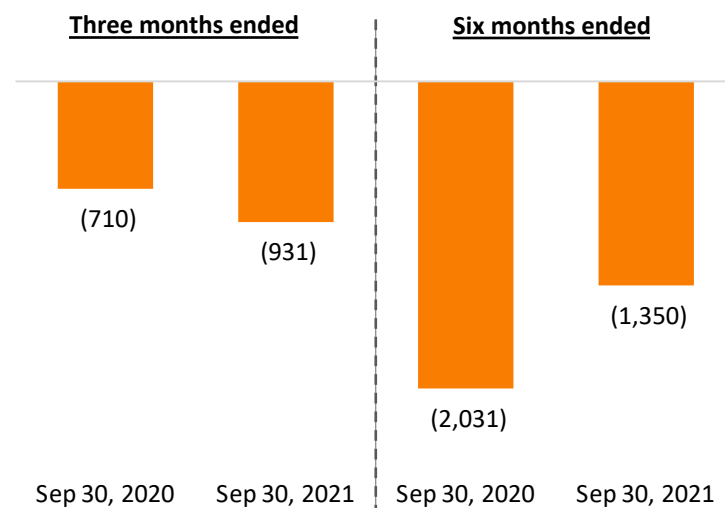
Revenue

(RMB MM)



Adjusted EBITA

(RMB MM)



Note:

(1) In September quarter 2021, Youku's daily average subscriber base increased 14% year-over-year.

Income Statement: Selected Financial Metrics

- **Interest and investment income, net** in the quarter ended September 30, 2021 was a loss of RMB11,456 million (US\$1,778 million), compared to an income of RMB10,510 million in the same quarter of 2020, primarily due to net losses arising from changes in market prices of our equity investments in publicly-traded companies in the quarter ended September 30, 2021, compared to net gains in the same quarter of 2020.
- **Income tax expenses** in the quarter ended September 30, 2021 were RMB6,087 million (US\$944 million), compared to RMB1,911 million in the same quarter of 2020. In the quarter ended September 30, 2020, tax expenses were reduced by approximately RMB6.1 billion because during that quarter certain subsidiaries were officially notified that they were approved of the Key Software Enterprise status for calendar year 2019, which entitled them to a reduced tax rate of 10%. These subsidiaries did not obtain the Key Software Enterprise status for calendar year 2020, and therefore no such adjustment of tax expenses was made in this quarter.

	Three months ended September 30,		Six months ended September 30,	
	2020	2021	2020	2021
	RMB MM	RMB MM	RMB MM	RMB MM
Income from operations	13,634	15,006	48,339	45,853
Interest and investment income, net	10,510	(11,456)	32,647	2,645
Interest expense	(1,101)	(1,267)	(2,224)	(2,534)
Other income, net	1,148	1,663	2,641	3,820
Income before income tax and share of results of equity method investees	24,191	3,946	81,403	49,784
Income tax expenses	(1,911)	(6,087)	(13,035)	(15,183)
Share of results of equity method investees ⁽¹⁾	4,244	5,518	4,593	11,611
Net income	26,524	3,377	72,961	46,212

Note:

- (1) Share of results of equity method investees in the quarter ended September 30, 2021 was RMB5,518 million (US\$856 million), compared to RMB4,244 million in the same quarter of 2020. We record our share of results of all equity method investees one quarter in arrears. The year-over-year increase in share of profit of Ant Group was mainly due to an increase in net gains arising from fair value changes in the investments held by Ant Group. The decrease in share of results of other equity method investees was mainly due to the general decline in financial performance of our equity method investees.

GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders

- **Net income attributable to ordinary shareholders** in the quarter ended September 30, 2021 was RMB5,367 million (US\$833 million), a decrease of 81% compared to RMB28,769 million in the same quarter of 2020. The year-over-year decrease was primarily due to net losses arising from changes in market prices of our equity investments in publicly-traded companies in the quarter ended September 30, 2021, compared to net gains in the same quarter of 2020, as well as our increased investments in key strategic areas and support to merchants, partly offset by the decrease in share-based compensation expense related to Ant Group share-based awards granted to our employees.
- Excluding share-based compensation expense, revaluation and disposal gains/losses of investments, impairment of investments and certain other items, **non-GAAP diluted earnings per ADS** in the quarter ended September 30, 2021 was RMB11.20 (US\$1.74), a decrease of 38% compared to RMB17.97 in the same quarter of 2020.

	Three months ended September 30,			Six months ended September 30,		
	2020		2021	2020		2021
	RMB MM	RMB MM	US\$MM	RMB MM	RMB MM	US\$MM
Net income attributable to ordinary shareholders – basic	28,769	5,367	833	76,360	50,508	7,839
Dilution effect on earnings arising from option plans operated by equity method investees and subsidiaries	(13)	(1)	—	(26)	(3)	(1)
Net income attributable to ordinary shareholders – diluted	28,756	5,366	833	76,334	50,505	7,838
Adjustments to reconcile net income to non-GAAP net income:	20,564	25,147	3,903	13,601	25,753	3,997
Share-based compensation expense	24,694	10,121	1,571	32,409	17,932	2,783
Amortization of intangible assets	2,888	2,906	451	5,840	5,979	928
Impairment of investments	5,666	3,120	484	5,769	3,517	546
(Gain) Loss on deemed disposals/disposals/revaluation of investments and others	(12,721)	11,273	1,750	(31,751)	649	101
Tax effects on non-GAAP adjustments ⁽¹⁾	37	(2,273)	(353)	1,334	(2,324)	(361)
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	49,320	30,513	4,736	89,935	76,258	11,835

Note:

(1) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments.

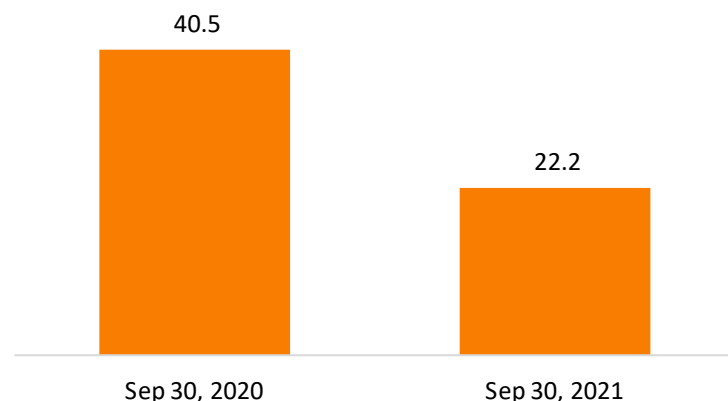
September Quarter Free Cash Flow

- As of September 30, 2021, **cash, cash equivalents and short-term investments** were RMB443,428 million (US\$68,819 million), compared to RMB470,824 million as of June 30, 2021. The decrease in cash, cash equivalents and short-term investments during the quarter ended September 30, 2021 was primarily due to cash used in repurchase of ordinary shares of RMB33,174 million (US\$5,149 million) and investment and acquisition activities of RMB22,950 million (US\$3,562 million), partly offset by free cash flow generated from operations of RMB22,239 million (US\$3,451 million) and cash injection from noncontrolling interests of RMB9,691 million (US\$1,504 million).
- Net cash provided by operating activities** in the quarter ended September 30, 2021 was RMB35,830 million (US\$5,561 million), a decrease of 34% compared to RMB54,296 million in the same quarter of 2020. **Free cash flow**, a non-GAAP measurement of liquidity, in the quarter ended September 30, 2021 decreased by 45% to RMB22,239 million (US\$3,451 million), from RMB40,540 million in the same quarter of 2020, mainly due to a decrease in profit as a result of our increased investments in key strategic areas.
- During the quarter, **capital expenditures** were RMB15,938 million (US\$2,474 million), which included cash outflow for acquisition of land use rights and construction in progress relating to office campuses of RMB3,261 million (US\$506 million).

Non-GAAP Free Cash Flow

(RMB Bn)

Three months ended

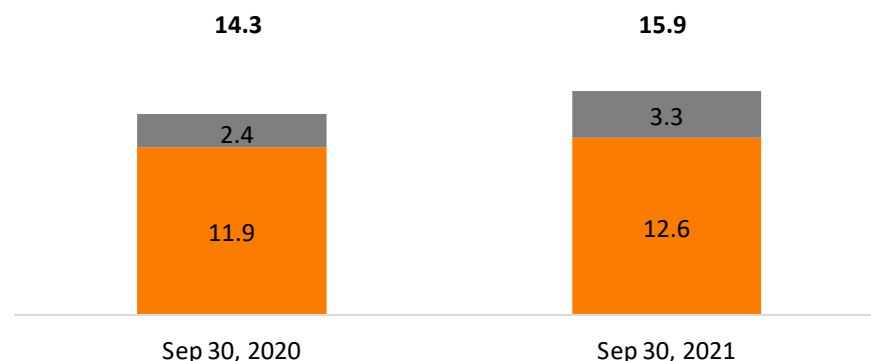


Capital Expenditures

(RMB Bn)

Three months ended

- Land use rights and construction in progress relating to office campuses
- Operating Capex⁽¹⁾



Note:

(1) Operating Capex refers to the purchases of property and equipment (excluding land use rights and construction in progress relating to office campuses).

Appendix: GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended September 30,			Six months ended September 30,		
	2020	2021		2020	2021	
	RMB MM	RMB MM	US\$MM	RMB MM	RMB MM	US\$MM
Adjusted EBITA and Adjusted EBITDA						
Income from operations	13,634	15,006	2,329	48,339	45,853	7,116
Add: Share-based compensation expense	24,694	10,121	1,571	32,409	17,932	2,783
Add: Amortization of intangible assets	2,888	2,906	451	5,840	5,979	928
Adjusted EBITA	41,216	28,033	4,351	86,588	69,764	10,827
Add: Depreciation of property and equipment, and operating lease cost relating to land use rights	6,309	6,807	1,056	11,976	13,704	2,127
Adjusted EBITDA	47,525	34,840	5,407	98,564	83,468	12,954
Non-GAAP net income						
Net income	26,524	3,377	524	72,961	46,212	7,172
Adjustments to reconcile net income to non-GAAP net income:	20,564	25,147	3,903	13,601	25,753	3,997
Share-based compensation expense	24,694	10,121	1,571	32,409	17,932	2,783
Amortization of intangible assets	2,888	2,906	451	5,840	5,979	928
Impairment of investments	5,666	3,120	484	5,769	3,517	546
(Gain) Loss on deemed disposals/disposals/revaluation of investments and others	(12,721)	11,273	1,750	(31,751)	649	101
Tax effects on non-GAAP adjustments ⁽¹⁾	37	(2,273)	(353)	1,334	(2,324)	(361)
Non-GAAP net income	47,088	28,524	4,427	86,562	71,965	11,169
Non-GAAP Free cash flow						
Net cash provided by operating activities	54,296	35,830	5,561	104,395	69,433	10,776
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(11,876)	(12,677)	(1,968)	(25,248)	(23,574)	(3,659)
Less: Acquisition of intangible assets	(1,662)	(14)	(2)	(1,718)	(15)	(2)
Less: Changes in the consumer protection fund deposits	(218)	(900)	(140)	(319)	(2,922)	(454)
Non-GAAP Free cash flow	40,540	22,239	3,451	77,110	42,922	6,661

Note:

(1) Tax effects on non-GAAP adjustments primarily comprised of tax effects relating to share-based compensation expense, amortization of intangible assets and certain gains and losses from investments.

Appendix: Revenue and EBITA by Segments

Three months ended September 30, 2021

	Commerce ⁽¹⁾	Cloud computing ⁽²⁾	Digital media and entertainment	Innovation initiatives and others ⁽²⁾	Unallocated ⁽³⁾	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB
			(in millions)			
Revenue	171,170	20,007	8,081	1,432	—	200,690
Income (Loss) from operations	25,617	(1,985)	(1,700)	(3,904)	(3,022)	15,006
Add: Share-based compensation expense	5,025	2,377	566	1,008	1,145	10,121
Add: Amortization of intangible assets	2,628	4	203	14	57	2,906
Adjusted EBITA	33,270⁽⁴⁾	396	(931)	(2,882)	(1,820)	28,033

Six months ended September 30, 2021

	Commerce ⁽¹⁾	Cloud computing ⁽²⁾	Digital media and entertainment	Innovation initiatives and others ⁽²⁾	Unallocated ⁽³⁾	Consolidated
	RMB	RMB	RMB	RMB	RMB	RMB
			(in millions)			
Revenue	351,411	36,058	16,154	2,807	—	406,430
Income (Loss) from operations	64,639	(3,628)	(2,710)	(6,843)	(5,605)	45,853
Add: Share-based compensation expense	8,805	4,356	949	1,785	2,037	17,932
Add: Amortization of intangible assets	5,417	8	411	28	115	5,979
Adjusted EBITA	78,861⁽⁴⁾	736	(1,350)	(5,030)	(3,453)	69,764

Notes:

- (1) The "Commerce" segment was previously referred to as "Core commerce" segment.
- (2) Beginning on April 1, 2021, we reclassified the results of our DingTalk business, which was previously reported under the innovation initiatives and others segment, to the cloud computing segment. This reclassification conforms to the way that we manage and monitor segment performance and reflects the integration of DingTalk with Alibaba Cloud to further facilitate the digital transformation of our enterprise customers. Comparative figures were reclassified to conform to this presentation.
- (3) Unallocated expenses primarily relate to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.
- (4) Commerce adjusted EBITA before key strategic investments was RMB52,241 million (US\$8,108 million) in the quarter ended September 30, 2021. It was flat compared to same quarter of 2020, primarily reflected our support to merchants as well as the increased spending on user acquisition and engagement on our marketplaces. Commerce adjusted EBITA before key strategic investments increased 3% year-over-year to RMB111,756 million (US\$17,344 million) for six months ended September 30, 2021. Starting from the quarter ended March 31, 2021, for purposes of presenting our commerce adjusted EBITA before key strategic investments, we expanded the list of key strategic investment areas that we break out in order to present the progress of these areas. Comparative figures are presented in the same manner accordingly. "Commerce adjusted EBITA before key strategic investments" was previously referred to as "Marketplace-based core commerce adjusted EBITA".



Alibaba Group
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